

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### Coast Machinery, Inc

#### Manufacturing Extension Partnership of Louisiana

#### With Lean in Place, Coast Machinery Tackles Family Succession Planning

##### Client Profile:

Coast Machinery, LLC, established in 1980, is a family-owned and operated business with a sole product: fully amphibious vehicles used for swamp and marsh travel. The company employs 15 people at its facility in Baton Rouge, Louisiana.

##### Situation:

Coast Machinery's owner, John Coast Jr., knew the company was in need of some procedural changes in order to stay profitable and efficient in their growth. The company was using an antiquated accounting system and was doing a poor job of inventory management. Coupled with these operational challenges, Coast Sr. was nearing retirement age, and the business was facing a difficult transition in leadership and accountability. Coast contacted the Manufacturing Extension Partnership of Louisiana (MEPOL), a NIST MEP network affiliate, for assistance.

##### Solution:

MEPOL Project Director Ray Bard conducted a strategic workshop to create mission and vision statements for the company, and set goals for the Lean transformation. Coast Machinery embarked on several Lean initiatives to move Coast Machinery forward. Employees were educated in the Principles of Lean through the Lean 101 course to show how a Lean system could be applied at their facility to make positive changes affecting each of their daily operations. MEPOL conducted a Value Stream Mapping (VSM) exercise on the MM-2 Marsh Master, a lightweight, high flotation, aluminum marsh buggy with pontoons. From this VSM session, many ideas for improvement were realized. The company standardized its offerings and paired down to core products for reduced inventory. They also eliminated the need to build their own instrument panels by outsourcing the time-consuming task, thereby further reducing inventory. Coast said, "When looking at the inventory we had to keep in stock to build the instrument panels, plus the time spent assembling and performing all the electrical wiring ourselves, I realized it was a waste for the company. Now we outsource this process and the panels come fully assembled for almost the same cost. We have only one panel to inventory instead of multiple parts, and have freed up an employee to do other assembly work."

Coast Machinery then tackled inventory management issues arising from unorganized areas of the facility using the 5S method: sort, shine, set, standardize and sustain. They now make much better use of their space with inventory stacked in bins and labeled with the appropriate part numbers. "We now have a clear picture of what we have in stock and what we need to order," commented Coast. Most recently, Coast began implementing Kanban to assist with their inventory management. Before the Kanban system was in place, the company was consistently running behind on sub assembly parts for a particular part of the Marsh Master. Coast said, "If a customer would call with an order, we'd have to drop everything to get the sub assembly completed. Now through the use of Kanban, we set minimums and maximums on our parts, and the assembled pieces are sitting on the shelves ready to go."

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With the production aspect of the business on the right track, it was now time for the Coasts to tackle a separate, sensitive issue, the upcoming retirement of Coast. While he knew the time was coming up to make the transition, he wasn't clear how to turn over the business to his son. MEPOL suggested a meeting with Lise Stewart of The Galliard Group, a third party provider that specializes in family succession planning. Stewart first met with principle owners John Coast Sr. and his wife Anita to discuss their concerns regarding the transition. The Coast family had already partially implemented a succession plan through the appointment of John Jr. as the successor CEO of the family business; however, there was a need for specific planning concerning the changing role of John Sr., his personal exit strategy and the emerging role and responsibilities of his son. Next, Stewart facilitated a family meeting with the two men and their wives to give everyone involved the opportunity to identify current and potential issues, and to develop strategies for maintaining family unity as the roles within the business change.

#### **Results:**

- \* Increased sales by \$250,000.
- \* Realized \$130,000 in cost savings.
- \* Invested \$236,000 in capital improvements.
- \* Created 2 jobs.

#### **Testimonial:**

"The advice and expertise of MEPOL helped us reach the next level in our business. We are now less people dependent and more systems dependent, have significantly increased profitability and productivity, have better morale among our employees, and are managing the company rather than it managing us. Ray Bard and Lise Stewart were particularly helpful with the family transition planning as my father moved out of the business and into retirement. A good company became a great company thanks to the help of MEPOL."

John Coast, Jr., President